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HELENA, MONTANA 59609

THE INTERIM

APRIL 1998

HELENA, MONTANA

VOL. XI NO. 11

SUBCOMMITTEE ON WELFARE AND CHILD SUPPORT ENFORCEMENT PROGRAMS

Subcommittee Hears Proposed Options...The Subcommittee on Welfare and Child Support Enforcement Programs met on Wednesday, March 11 to hear proposals from the Department of Public Health and Human Services (DPHHS) for operating welfare and child support enforcement programs with state money only. The DPHHS had been directed by the Subcommittee in January to draw up some options for the Subcommittee to consider. Hank Hudson, Administrator of the Child and Family Services Division of the DPHHS, offered two options for a state-funded welfare program. The two options are basically the same, except the second option assumes that the Indian tribes in Montana would leave the state program due to lack of funding and would instead file separate tribal family assistance plans with the federal government. In order for DPHHS to operate a welfare program with state money only, the following changes would have to be made:

1. The existing five-year time limit would be immediately reduced to two years with no exemptions.
2. Resource standards would be reduced from \$3,000 to \$2,000.
3. Upon the second occurrence of noncompliance, a full family sanction would be imposed.
4. Public Assistance Bureau staffing levels would be reduced by about 70 positions; i.e., 16% reduction.
5. Supplementary expenditures for Quality Assurance, Protective Services, emergency assistance, child care, supportive services, recession/reserve

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county projects, tribal welfare reform transition, and community worksite development would be eliminated.

6. All employment and training activities would be eliminated.
7. A uniform benefit level of \$289 per month (regardless of family size) would be established for the remaining cases. The benefit level would rise to \$366 per month if the Indian tribes leave the state program to operate their own programs.

Mary Ann Wellbank, Administrator of the Child Support Enforcement Division (CSED) of the DPHHS, presented four options for a fully state-funded CSED:

1. Provide services for the establishment of paternity, establishment of support and health insurance orders, and enforcement of orders to FAIM cases only. Provide only in-hospital paternity acknowledgment services to non-FAIM cases.
2. Provide all services to non-FAIM families who choose to bear the full cost of the services. Costs would include application fees; fees for paternity establishment, establishment of support orders, and enforcement actions; and percentage of each collection when enforcement begins.
3. Discontinue the child support enforcement program altogether.
4. Conduct comprehensive impact analysis of all possible options, identify top priorities, and then mix and match services and funding based on priorities.

DPHHS officials were quick to point out that the Department does not support or recommend any of the options that were presented to the Subcommittee.

Subcommittee Hears Testimony...Following the presentations by the DPHHS, the Subcommittee heard testimony from church groups, non-profit social service organizations, low-income advocacy groups, and individuals currently receiving welfare and child support enforcement services. All of those testifying opposed the proposed options.

Subcommittee to Hold Public Hearing...The Subcommittee will hold a public hearing on the options in April. The public hearing will consist of two parts: a public hearing in Helena and a METNET video conference to allow people from around the state to comment on the proposals. Following the public hearing and the METNET conference, the Subcommittee will meet to review the public testimony and discuss the final report to the Legislature. The final dates and times for the public hearing and the METNET conference had not been set at the time of publication of *"THE INTERIM"*. Information about the dates and times can be obtained from Connie Erickson at the address listed below.

Options Available From Subcommittee Staff... Prior to the April public hearing, copies of the options will be mailed to interested persons on the Subcommittee's mailing list as well as to the interested persons on the mailing list for the Oversight Committee on Children and Families. In addition, the options will be available on the Legislative Services Division's website at www.state.mt.us/leg/wel_main.htm.

If you are not on either of the above mailing lists or if you do not have access to the Internet, copies of the options can be obtained from:

Connie Erickson
Legislative Services Division
P.O. Box 201706
Helena, MT 59620-1706
(406)444-3064
<cerickson@mt.gov>

If you are unable to attend the public hearing or the METNET conference, you may submit your written comments to Connie Erickson at the above address. The deadline for submitting written comments is 5 p.m., Friday, April 17. This will allow staff to compile the written comments for review by the Subcommittee.

INTERIM PROPERTY TAX COMMITTEE

Committee Meets in Livingston and Bozeman... The Interim Property Tax Committee (IPTC) met March 5 in Livingston and March 6 in Bozeman to continue its examination of Montana's property tax system. Nonlevy revenue sources and the (property) taxation of utilities were the primary knowledge-building items on the agenda in Livingston. The Committee also investigated further the options available for revising the property tax system through the enactment of a statewide, general retail sales/consumption tax.

Committee Looks at Nonlevy Revenue and Utility Taxation... As for nonlevy revenues, the two major sources have been and remain the flat tax on motor vehicles (2% of value with a 1/2% local option) and the flat taxes on nonrenewable energy production, i.e., oil, coal, and natural gas. Those two sources provided about \$130 million in nonlevy revenue -- \$74 million from vehicles and \$57 from resource production -- in FY 1996 for education and for local government services. For the past two years, staff of the Department of Commerce have been compiling data on nonlevy revenue to be included in a data base that can be analyzed for policy purposes. Unfortunately, sufficient detailed data from local governments is unavailable at this time to provide clear insights into nonlevy collections or program support.

The taxation of utility property continued to be high on the list of topics of interest to the Committee and others. While preliminary estimates from the Department of Revenue indicate that the sale of Montana Power Company electricity generating plants could be in the \$7-\$8 million ballpark statewide, the impacts to particular local governments, including K-12 schools, could be more than substantial, e.g.,

approaching \$1 million per year in Cascade County and the public services provided there. Because several variables affecting the taxation of MPC property are unknown at this time, the figures presented by the DOR are speculative and gross estimates only. Also, the Revenue Oversight Committee was specifically assigned in Senate Bills No. 390 and 396 to examine the taxation issues stemming from the deregulation/restructuring of utilities and, thus, will be keeping the IPTC updated for the remainder of the interim.

Sales Tax Considered...The issue of a statewide, general retail sales tax is under consideration by the IPTC because, in order to substantially revise the property tax system by reducing property taxes, another source of revenue is necessary if local services currently funded by property taxes are to continue at anywhere near traditional levels.

Noteworthy in this discussion is that property tax collections will approach \$800 million in 1998, of which about \$318 million will be paid by residential property owners, \$106 million will be paid on business/industrial real property and improvements, and about \$190 million will be paid by utilities (electric, natural gas, telephone, railroads, airlines, etc.) or their customers. In total, residential and commercial/industrial real property and improvements and utilities will pay about 77% of all property taxes in Montana, some \$614 million -- give or take. In comparison, FY 1998 state general fund collections are estimated as follows: personal income taxes - \$387 million; corporation license/income taxes - \$63 million; permanent trust fund interest- \$43 million; inheritance taxes - \$15 million; video gaming taxes - \$11 million; coal severance taxes - \$10 million. Gross revenue from a 4% broad-based sales tax on goods and services is estimated to be about \$550 million (in FY 1999 per the SB 258 fiscal note).

Testimony received by the Committee on the sales tax issue ranges from strong support (county commissioners and others) to, "What don't you understand about NO' by a 3-1 margin!" (various citizens across the state). In general, however, the number of people testifying in favor of "the right" sales tax has been greater than the number opposing such a tax.

Committee to Continue Travels...Looking ahead, the IPTC will continue its investigation of options for reforming the property tax system, first in Wolf Point (the Sherman Inn) on Thursday, April 16 at an all-day (9 a.m.-4:30 p.m.) work session and an evening (7 p.m.) public hearing and then on Friday, April 17 in Glasgow at the Valley County Courthouse courtroom (9 a.m. to 3 p.m.). At the work session in Wolf Point, the IPTC members will focus on the concept of acquisition value, including a closer look at the impacts of CA 76 should it become law.

NOTE: A list of the remainder of the IPTC's meetings appears in the *Interim Calendar* at the end of this issue of "**THE INTERIM**" newsletter.

Questions regarding the IPTC may be directed to Dave Bohyer, Legislative Services Division, 406/444-3064 or by e-mail to <dbohyer@mt.gov>.

LEGISLATIVE AUDIT COMMITTEE

Committee Meets in March...The Legislative Audit Committee met on Friday, March 27 at the State Capitol. The following audit reports were presented.

FINANCIAL-COMPLIANCE AUDITS:

Board of Investments (#97-3)
Department of Administration (#97-14)
Single Audit Report (#97-2)
Department of Public Health and Human Services (#97-13)
State Fund (#97-5)
Department of Commerce (#97-15)
Montana State University-All Campuses (#97-10)

PERFORMANCE AUDIT:

Construction Contract Administration, Department of Transportation
(#97P-05)

ELECTRONIC DATA PROCESSING AUDITS:

Teachers' Retirement System (#98DP-03)
Montana Online Tax and Reporting System (MOTRS), Department of
Transportation (#98DP-04)

Because the meeting took place after the publication deadline, a more complete summary of the meeting will be found in the May edition of "*THE INTERIM*".

LEGISLATIVE SERVICES DIVISION

Reports Available...The following reports are currently available from the Legislative Services Division. To obtain a copy, please contact the LSD Library at 444-3064 or by e-mail at <efurbush@mt.gov>.

"Cost Comparisons Between State and Private Correctional Facilities: Apples to Apples?"

"Where Are We? Where Are We Going? Pending Changes to the Public Employees' Retirement System (PERS)"

Ballot Measure Received...A ballot measure to repeal the Retail Motor Fuel Marketing Act has been received and reviewed by the Legal Office of the Legislative Services Division. Pursuant to 13-27-202(2), MCA, copies of all correspondence relating to the ballot measure are available through the Secretary of State.

CORRECTIONAL STANDARDS AND OVERSIGHT COMMITTEE

Committee Tours Correctional Facilities in Great Falls...The Correctional Standards and Oversight Committee met March 3 in Great Falls. The Committee spent the morning touring the Great Falls Pre-release Center and hearing about the structured program opportunities available to the Center's residents. A presentation given by the Director of the Great Falls Transition Center (GFTC) complemented the principles and theories behind community corrections as an alternative to prison. The GFTC is one of two transition facilities in the state housing juvenile male offenders. The program provides residents with a strict, intensive curriculum designed to stress personal accountability and the importance of continued educational proficiency. Chemical dependency counselors offer individual assistance plus a variety of group activities to break dependency cycles. Victim restitution policies, the primary objective of the transition centers, mandate that 70 percent of all resident income earned be paid back to victims. The Department of Corrections believes the Center's programs are effective tools that impress upon young offenders the need to recognize past mistakes and work to mitigate the damage the offenders caused. The Department also stressed the importance of creating a similar facility for juvenile females and offered preliminary plans to expand the GFTC to meet this need.

The afternoon session offered Committee members the opportunity to view the State's newest regional correctional facility. The facility staff walked the Committee through the various housing pods holding state and county inmates and the proposed industries complex. Department of Corrections and Cascade County Sheriff's Office personnel stressed the similarities between state and county operations and informed the Committee that consistency between jurisdictions heightens service coordination.

Committee Hears About Community-Based Programs...The afternoon session offered a diverse group of Cascade County policy makers and private citizens the opportunity to showcase three community-based alternatives to traditional correctional activities.

The Cascade County Community Youth Justice Council is an innovative program designed to steer juveniles off the criminal path early by coordinating local responses to juvenile crime and punishment. Community volunteers "sentence" youthful offenders to community service, set restitution payment schedules, and create academic benchmarks. The offender must meet each of the requirements before being released from the Council's jurisdiction. One key to the success of this program has been the strong commitment and support of local judges.

The Cascade County Criminal Justice Coordinating Council (CJCC) is a pilot program funded by the Montana Board of Crime Control. The CJCC is a collaborative process designed to address community public safety issues. As the community better understands the causes and impacts of criminal activity, coordination among the various members of the criminal justice agencies can tailor responses that work best in their area.

The City/County Recidivism Reduction Project was formed after county judges felt that traditional correctional services were not effectively meeting the needs of offenders who have a history of mental illness or chemical dependency. By offering private counseling to these offenders, the county can better estimate the effectiveness of the rehabilitation programs and whether the counseling has a favorable impact on reducing recidivism. The project will track offender progress in job skill training, educational success, and future offenses.

Committee to Meet April 30-May 1...The Committee will meet Thursday, April 30 and on Friday, May 1. At this time, it is the intent of the Committee to allow the Department of Corrections the opportunity to provide information regarding the ACIS upgrades and the current status of inter-agency coordination. In addition, the latest round of inmate population projections will be provided. Finally, if appropriate, the Department will update the Committee on the status of the 1991 Montana State Prison riot case, currently being heard in federal district court. As a follow-up to the Cascade County alternative programs, an individual from Gallatin County will outline a variety of adult reparative justice programs being administered in Vermont as a way to divert non-violent offenders away from prison and toward community-based probationary monitoring.

For more information about the next meeting or about the Committee in general, please contact Susan Fox at 444-3064 or by e-mail at <sfox@mt.gov>.

ENVIRONMENTAL QUALITY COUNCIL

EQC to Meet in Great Falls...The Environmental Quality Council (EQC) will meet on Friday, May 8 in Great Falls. A specific location had not been identified at the time of publication. For more information about the May 8 meeting, please contact the Legislative Environmental Policy Office at 444-3742 or via the Internet at <teverts@mt.gov>.

Montana Growth Issues...The Growth Subcommittee has scheduled its next meeting for May 7. The Subcommittee plans to hold two panel discussions involving tract of record and general baseline information gathering on growth issues. The Subcommittee will also formally adopt its work plan. For more information, contact Larry Mitchell, Legislative Environmental Policy Office, at 444-3742.

Water Policy...The Water Policy Subcommittee has scheduled its next meeting for May 7. For more information, contact Kathleen Williams, Legislative Environmental Policy Office, at 444-3742.

LEGISLATIVE FINANCE COMMITTEE

Committee Meets in March...The Legislative Finance Committee met on March 12 and 13 in the State Capitol. The following topics were discussed.

New Desktop Standards and Year 2000 Compliance...Tony Herbert, Administrator of the Information Services Division (ISD), presented reports on the fiscal impact of the state's conversion to Microsoft Office as the new desktop standard and the conversion necessary to make all computer systems Year 2000 compliant. Mr. Herbert reported that the costs of the software conversion would be \$1.4 million in this biennium and a further \$1.2 million in the 2001 biennium. Mr. Herbert indicated that costs were being covered in this biennium with funds that would have been used to enhance the state's e-mail system, with the result that rates charged to agencies by ISD for services rendered would not be raised to pay for this conversion. However, no estimate of costs of agency retraining and conversion of documents was given.

Supplemental Appropriations Review...The Committee reviewed two proposed supplemental appropriations. The Commissioner of Political Practices (COPP) proposes to move \$15,000 of fiscal 1999 general fund appropriations to fiscal 1998 to fund a portion of unanticipated legal costs. COPP would reduce fiscal 1999 expenditures by reducing public service announcements, some travel, and other costs. The Committee voted to report to the Governor that this proposed supplemental appeared to meet the statutory criteria that must be met before a supplemental can be approved.

The Department of Labor and Industry proposes to move almost \$77,000 of general fund to expand the Human Rights Bureau, primarily to fund operating costs for current FTE. Because this supplemental was proposed to expand operations beyond the level authorized by the Legislature, the Committee agreed in a nonbinding vote to report to the Governor that this proposal did not meet the statutory requirement that the supplemental be due to an unanticipated and unexpected emergency.

The Committee also discussed two other potential supplemental appropriations that have not yet been requested: \$1.1 million for fire suppression costs and up to \$2.4 million for the Department of Corrections. The Department is anticipating using up to \$500,000 of district court funds to reduce the supplemental requested. However, the Committee conveyed to the Department their concern that no lawful appropriation for these funds exists, which would increase the required supplemental by a like amount.

Mental Health Managed Care...The Committee discussed the mental health managed care contract at length with representatives from the Department of Public Health and Human Services (DPHHS), the mental health contractor (Merit Behavioral Co.), and various providers and/or their representatives. Discussion in recent weeks has centered around the lack of timely payments for services, and whether the current contractor could improve performance to a sufficient degree in a timely manner to ensure the viability of the contract. The contractor and some providers reported progress in addressing old claims for payment. However, other providers and their

representatives reported that old claims are still not being paid in a timely manner. The Committee asked that the discrepancies between the report of the contractor and some providers be reconciled.

Children's Health Insurance Program (CHIP)...The Committee heard an update on CHIP, which is a federal initiative to provide insurance to currently uninsured children. The State Auditor recently announced the availability of over \$200,000 for the state match for federal funds to begin a pilot program. The DPHHS reported that the pilot program will likely take the form of increased private partnership insurance, rather than an expansion in Medicaid, with a target population of children ages zero through 18 at or below 150 percent of the federal poverty level. Since the program would not be an entitlement, enrollment would be limited based upon the level of funding available. The DPHHS believes approval of the state plan by the federal government (a condition of receiving the funds) could be had by August, with the first children receiving benefits in January or February of 1999. The DPHHS stated it did not believe it would have very much information based on actual experience for the 1999 Legislature.

General Fund Status Update...Terry Johnson, Principal Fiscal Analyst, provided the Committee with an update on the 1999 biennium general fund balance. Since adjournment of the 55th Legislature, a number of fiscal developments have occurred. Based on these developments, it is anticipated the general fund account will end the 1999 biennium with an ending balance somewhere between \$22.5 and \$30.0 million. An estimated range is provided because of the uncertainty associated with federal tax reform and supplemental requests by the Executive.

Some of the more significant fiscal issues that have developed since adjournment include lower anticipated revenue collections from public institution reimbursements and trust fund investment earnings, increased revenue from the Federal Taxpayer Relief Act of 1997, reduced costs for public school support due to declining enrollments, and unanticipated supplemental requests from the Departments of Corrections and Natural Resources and Conservation.

Potential RIT Shortfall...The Committee heard a report from Roger Lloyd, Senior Fiscal Analyst, on the potential shortfall of over \$3.0 million in the Resource Indemnity Trust (RIT) in the 1999 biennium. Staff reported that the shortfall was due primarily to a reduction in interest earnings, necessitating action by the executive in this biennium to maintain expenditures within available resources. The Committee discussed a legal opinion by Greg Petesch, Legislative Services Division Legal Director, that any funds appropriated by the Legislature for grants can be used only for that purpose and conveyed the Committee's view (without any formal vote) that the Department should not reduce grants to address the shortfall without legislative action. The executive is expected to begin making decisions on how to address the shortfall later this spring.

To Meet Again in June...The LFC has tentatively scheduled its next meeting for June 4 and 5, in Room 104 of the State Capitol.

POSTSECONDARY EDUCATION POLICY AND BUDGET COMMITTEE

PEPB Discusses Numerous Issues...At its December 12, 1997, and March 2, 1998, meetings, the Postsecondary Education Policy and Budget Committee (PEPB):

- (1) received information and took action on student financial aid issues;
- (2) heard a university system update on faculty productivity and performance accountability measures and an LFD staff report on South Carolina performance-based budgeting;
- (3) received a report on non-beneficiary enrollment and tuition charged those students in tribal colleges;
- (4) reviewed two-year education issues, including two-year funding and support per FTE; and
- (5) heard reports from the Agricultural Experiment Station and Extension Service.

Further detail on selected issues is presented below.

Financial Aid...Mick Hanson, Financial Aid Director at the University of Montana, presented a report entitled, "Meeting the Challenge", authored by the Task Force on Financial Aid Reform. The report shows that approximately 50 percent of resident students can expect a family contribution of less than \$2,500 per year and also details estimates of the student unmet financial need according to federal government standards. The Legislative Fiscal Division (LFD) presented reports detailing the total student cost of an education, the amount of financial aid available to students in fiscal 1997, and the trends in fee waivers, grants, loans, and work study programs from fiscal 1994 through fiscal 1997. Action on financial aid issues at the March meeting included motions to eliminate the statutory reference to National Guard fee waivers and to further investigate the issue of using financial aid for residents to reduce loans and/or expand student choices.

Non-beneficiary Enrollment in Tuition in Tribal Colleges...The University System report contained preliminary data indicating that non-beneficiary student enrollment was relatively unchanged during the 1997 biennium when the state provided funding to the tribal colleges for those students. Tuition increases of approximately \$150 per semester for Indian students and \$350 for non-beneficiary students at Salish Kootenai College were implemented in fiscal 1998. The increase for nontribal members resulted in a \$1,054 tuition charge per semester, an amount approximately equal to that charged in some units of the Montana University System.

Two-year Education...Dr. Jane Karas, Director of Workforce Development at

the Office of the Commissioner of Higher Education, reported on activities of the Two-year Education Committee. The community college presidents proposed that the three community colleges remain locally controlled and that they continue discussions concerning additional state funding, state ownership of community college property, and state responsibility for outstanding bonds and other indebtedness. Subsequent testimony indicated that the eastern community colleges might be interested in a total merger with the University System. As a result, the PEPB requested that Rep. Ray Peck meet with the community college presidents and the Board of Regents at the March Regents meeting to develop a recommendation for Committee consideration in May.

The LFD report on "College of Technology and Community College Funding and Support per FTE" provided more information on tax and tuition policy issues, as requested by the PEPB in October, 1997. Committee action was postponed until May, pending a proposal for a community college merger with the university system.

Agricultural Experiment Station and Extension Service...Representatives of the Agricultural Experiment Station and the Extension Service discussed their mission statements and service priorities.

PEPB to Meet in May...The PEPB decided the next meeting will be May 15 at 9:00 a.m. The agenda will include the transition from high school to work or postsecondary education and possible executive action on two-year education issues.

OVERSIGHT COMMITTEE ON CHILDREN AND FAMILIES

Committee to Meet in April...The Joint Oversight Committee on Children and Families is scheduled to meet on Friday, April 17 to continue its efforts to explore various child and family-related policy issues, to decide where the Committee stands on these issues, and to present its recommendations to the 1999 Legislature.

Committee Continues Work on CHIP...In addition to the regular updates (in the areas of mental health managed care, the ICC, and the activities of the Correctional Standards and Oversight Committee and the Subcommittee on Welfare and Child Support Enforcement Programs) the Committee has been receiving all interim, members will also follow up on their February 11 meeting at which the Committee made a number of recommendations to the Department of Public Health and Human Services (DPHHS) regarding its Children's Health Insurance Program (CHIP) plan. The recommendations are in the areas of Medicaid expansion, the benefit package, participant payments, initiation of a pilot project, and enrollment qualifications. Specifics of the recommendations were published in "*THE INTERIM*" last month. Copies of the recommendations can also be obtained by contacting Leanne Kurtz at the Legislative Services Division (444-3064).

DPHHS will have had a draft of Montana's CHIP plan available for comment

on March 24 and will have gathered the CHIP Advisory Council over the METNET interactive video on March 31. DPHHS will submit its state plan in April, hoping to receive approval from the federal Health Care Financing Administration (HCFA) by September, complete a contract with an insurance company by October, begin enrolling children on a limited basis in December, and be able to begin providing services to the enrollees in January or February, 1999. While a program will not have been functioning long (if at all) before the start of the 1999 Legislative Session, children in need of insurance and health care will be receiving those services as soon as possible after HCFA approval, a course of action the Committee on Children and Families strongly encouraged.

Committee to Look at Child Care...At its April 17 meeting the Committee will also explore child care, particularly the changes in DPHHS' regulating structure for child care providers and the escalating need for quality child care providers as a result of welfare reform. State child care providers and policy makers alike need to be aware of and responsive to the fact that as more people enter the workforce to comply with the requirements of the FAIM program, the more children there will be in need of affordable all-day child care, as well as before and after school care.

Other Issues Before the Committee...At its meeting in January, the Committee voted to lend its support to the Montana Council for Families crisis care projects. On April 17, the Committee will be presented with letters for members' final approval to be sent to local advisory councils encouraging that federal block grant funds continue to be channeled into crisis care and family education programs aimed at child abuse prevention. In addition, the Committee voted to support the Montana Council for Maternal and Child Health "Kids Count Data Book" via letters to the Data Book Board of Directors and potential donors. Members will be presented with these completed letters and asked for final approval at the April meeting.

Also tentatively scheduled for April is a brief update on the status of teen pregnancy prevention and abstinence-only program grants.

Committee Modifies Schedule...The Committee's interim schedule has undergone some modifications. At the meeting on April 17, Committee members will be asked to commit to June 29 and August 5 as the last two meeting dates for the 1997-1998 interim.

For more information on the Committee on Children and Families or the next meeting, contact Leanne Kurtz at <lekurtz@mt.gov> or by phone at 444-3064.

GAMBLING COMMISSION

Commission to Meet in Missoula...The Gambling Study Commission's next meeting is scheduled for Friday, April 17, at the Gallagher Business Building on the University of Montana campus in Missoula. The Commission will hear a number of

progress reports from the Montana Bureau of Business and Economic Research contract team. Topics will include the status of a mail survey of gambling establishments (including those on Indian Reservations), the ongoing telephone survey of households, data collected from treatment providers and chapters of Gamblers Anonymous, and statistical information on gambling-related crime. An additional discussion theme will be various methods of measuring the economic benefits and costs of the entertainment industry.

The April 17 meeting will begin at 8:30 a.m. in the 3rd floor conference room and will probably conclude by 3 p.m. As always, there will be time allotted during the meeting for public comment. A draft agenda for the April 17 meeting will be available approximately one week ahead of time. For further information, please contact staff Research Analyst Stephen Maly at 406-444-3064 or by e-mail at <smaly@mt.gov.>

TRANSITION ADVISORY COMMITTEE

Committee Meets in March...The Electric Utility Restructuring Transition Advisory Committee (TAC) met on March 13 in the State Capitol to address a number of issues linked both to the pending sale of Montana Power Company's generation assets and to the implementation of Senate Bill 390 in general. There were a series of informal panel discussions that focused on electricity prices, stranded costs, potential job and tax revenue losses, water rights, recreational access, and fish & wildlife management in relation to Federal Energy Regulatory Commission (FERC) relicensing of MPC's hydroelectric facilities.

Education Subcommittee Meets...The TAC Education Subcommittee met on March 24 in the State Capitol to discuss the status of pilot programs and the customer education plans mandated by SB 390. Other matters under consideration were the "standard offer" provision in the electricity supplier licensing section of the legislation and the importance of providing legislators and other interested citizens with clear, factual information about the relationship between deregulation of the wholesale electricity market (under federal legislation and FERC orders) and the subsequent adoption in Montana and other states of partial deregulation for retail electrical power sales. As a result of this dialogue, the next issue of the "TAC Report", a quarterly newsletter, will likely include a summation of important events and developments that have triggered the restructuring process in Montana and elsewhere in the country.

The minutes and supplemental materials from both the March 13 and March 24 meetings will be available soon. Contact staff Research Analyst Stephen Maly at 444-3064 for further details.

USBP Subcommittee Continues Work...The TAC Universal Systems Benefits Programs Subcommittee has established a working group to craft guidelines on the allocation of credits allowed under SB 390. The working group will gather on the morning of April 8 in Room 108 of the Capitol. The full USBP Subcommittee will convene on April 23 at the Montana Electric Cooperatives Association headquarters

in Great Falls. Please contact Todd Everts at the Legislative Environmental Policy Office (444-3747) for more detailed information on this TAC subcommittee and its working group.

TAC to Meet in April...The next scheduled meeting of the full TAC is on April 24 in Great Falls. Details on the place, time, and agenda will be available soon from either Todd Everts or Stephen Maly.

Two Additional Notes...Copies of the second quarterly "TAC Report" (February) are available on request. The Governor's Town Meeting on Electric Industry Restructuring is scheduled for April 16 at the State Capitol. Call 444-3111 for more information on the time and format of that event.

COMMITTEE ON STATE MANAGEMENT SYSTEMS

The Wave of the Future...Imagine entering the chambers of the House of Representatives to be greeted by a huge video display above the rostrum that displays the complete text of bills, amendments, roll call votes, committee schedules, and the occasional moving video for member presentations. Imagine that the Montana Code Annotated; the Constitution; lists of bills by sponsor, drafter, and subject; and the status, complete text, and schedule for any bill you wanted was at your fingertips via a laptop computer issued you when you arrived for the 90-day session. In Indiana, the new wireless Chamber Automation System is providing all of the above. The Montana Legislative Services Division has no plans to implement such a project in the near future, but with technology becoming cheaper, easier, and more available to the casual user, the Indiana scenario is likely to be repeated in a number of states before long.

Committee to Discuss Future Technology...At the next meeting of the Oversight Committee on State Management Systems, tentatively scheduled for June 3, Bob Person, Legislative Services Division (LSD) Executive Director, will discuss the possibilities for information technology advances in the Montana House and Senate chambers in the next decade. The full agenda for the June meeting has yet to be developed, but expect to see more details in future editions of *"THE INTERIM"*.

Committee Meets in March...The Committee met on March 10 to continue its review of the information technology bonding bill (House Bill No. 188) projects and to receive introductions to the GIS Montana Cadastral Project, public safety radio concerns and upgrade projects, and information technology (IT) staff recruitment and retention challenges and possible solutions.

The Department of Revenue (DOR) described its Project META, a comprehensive overhaul of the way DOR processes state revenue and taxation. DOR received \$17,800,000 in bonding authority in HB 188, part of which will be used to finance the various phases of Project META, with additional funding applied to DOR's proposed integrated tax system -- a consolidation required by House Bill No. 561,

passed last session.

As presented to the Committee by the Department of Administration's (DOA) Information Services Division (ISD), the GIS Montana Cadastral Mapping project will endeavor to modernize antiquated land ownership records using GIS (Geographic Information System) technology. ISD also informed the Committee that the state's public safety radio infrastructure is crumbling, threatening communications among law enforcement personnel, firefighters, search and rescue crews, and emergency medical teams. A more detailed description of the GIS and public safety radio projects will appear in the May edition of "*THE INTERIM*" under the "Committee on State Management Systems" heading.

Recruitment and Retention...Increasingly, the state is having to compete with the private sector on a national scale for qualified IT specialists and is losing the battle much of the time. With Montana's ever-increasing dependence on technology, it is becoming critical that managers have the tools and compensation options to recruit and keep computer science graduates. A high percentage of IT managers rate applicants for technical jobs as "poor" or "very poor" and positions are remaining vacant for long periods of time, resulting in added stress and comp time accruals for remaining staff. DOA reported to the Committee that it is aggressively working on proposals to alleviate the recruitment and retention problems and plans to bring some of those initiatives before the 1999 Legislature.

For more information about the Committee on State Management Systems, future or past agenda items, or any of the information you just read, contact Leanne Kurtz at <lekurtz@mt.gov> or by phone at 444-3064.

THE BACK PAGE

Welfare reform has been a major topic of discussion among social services policymakers for most of the 1990s. "Ending welfare as we know it" was a goal articulated by President in his first inaugural address in 1993. The first rung on the ladder to that goal was achieved in 1996 with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

Among the poorest of the poor in America are the inhabitants of America's Indian reservations. American Indians live in poverty in disproportionate numbers to their population. In South Dakota, 70 percent of that state's welfare caseload is American Indian. Because of the extreme poverty and the high unemployment on reservations, Congress made provision in PRWORA for Indian tribes to administer their own Temporary Assistance to Needy Families (TANF) block grant.

This month's "The Back Page" article discusses how tribal TANF programs work, how they are funded, and what tribes are taking their future into their own hands.

Taking the Future Into Their Own Hands: Tribal TANF Programs

by Connie Erickson, Research Analyst
Legislative Services Division

INTRODUCTION

The Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA) (Public Law 104-193) fundamentally altered the way public assistance is funded and administered in this country. PRWORA amended the Social Security Act by eliminating open-ended funding and a guaranteed individual entitlement to public assistance. In their place, the federal government substituted a block grant program (Temporary Assistance to Needy Families or TANF) that gave states increased flexibility in the design of welfare programs that ostensibly promote work and responsibility and that strengthen families. Under the provisions of the Social Security Act, as amended by P.L. 104-193, federally recognized Indian tribes are eligible to apply for funding to administer and operate their own TANF programs. Eligible tribes must submit a 3-year tribal TANF plan to the Secretary of the Department of Health and Human Services (Secretary) for review and approval. Authority to apply for the funding continues through fiscal year 2002.

TRIBAL TANF PLAN

The contents of a tribal TANF plan must:

- (1) outline the tribe's approach to providing welfare-related services;
- (2) specify whether the welfare-related services will be provided directly by the tribe or through agreements, contracts, or compacts with intertribal consortia, the state, or other entities;
- (3) identify the population and service area to be served;
- (4) provide that families receiving assistance under the tribal plan may not receive duplicate assistance from a state or other tribe;
- (5) identify the employment opportunities in or near the service area and the manner in which the tribe will cooperate and enhance such opportunities for recipients consistent with any applicable state standards; and
- (6) apply the fiscal accountability provisions of the Indian Self-Determination Act, relating to the submission of a single-state agency audit report.

The Secretary, in turn, must establish for each tribe the minimum work participation requirements, appropriate time limits for the receipt of welfare-related services, and the penalties against individuals that are consistent with the economic conditions and resources available to each tribe and with the purposes of the law. However, a tribal program, for purposes of determining the number of months an adult has received assistance under the 5-year time limitation, must "disregard any month during which the adult lived in Indian country or an Alaskan Native village if the most reliable data available with respect to the month (or a period including the month) indicate that at least 50 percent of the adults living in Indian country or in the village were not employed". Of the seven reservations in Montana, according to Bureau of Indian Affairs labor statistics, five currently fall under this disregard provision because of an unemployment rate exceeding 50%. This "disregard" also applies to state TANF programs.

There is no closing date by which a tribe must initiate a tribal TANF plan. However, a tribe must submit its plan to the Secretary for approval at least 120 days prior to the proposed effective date. A tribal TANF plan can be effective the first day of any calendar quarter. The 120-day period allows time for the review, negotiation, and approval process. It also satisfies the requirement in PRWORA that a state be notified of any reduction in its TANF grant because of a tribal TANF grant at least three months prior to the issuance of the state's quarterly grant installment. A state may waive all or part of this 90-day notification requirement.

TRIBAL TANF FUNDING

For each fiscal year 1997-2002, an Indian tribe that has an approved TANF plan will

receive an amount equal to the federal share of all expenditures (other than child care) by the state under the Aid to Families with Dependent Children (AFDC) program and the Job Opportunities and Basic Skills Training (JOBS) program for fiscal year 1994 for Indian families residing in the service area identified in the tribal TANF plan. The data used to determine the amount of the tribal TANF grant must be submitted by the state. If the tribe agrees with the state data, the tribe must certify its agreement. If the tribe disagrees with the state data, the tribe may submit additional information to the Secretary and request that the tribal information be reviewed before a final determination is made.

The new welfare law requires states to maintain their own spending on welfare at at least 80 percent of FY 1994 levels. The formula used to determine tribal TANF funding includes only federal payments; the state match of those federal dollars would not be guaranteed but would be determined legislatively. This means that a tribe operating its own TANF program may have less money to help its members than if the tribe remained on the state TANF program.

Once a tribe has an approved TANF plan, the state's TANF grant will be reduced, and the state's maintenance of effort (MOE) will also be reduced. The state will no longer be obligated to expend state funds on behalf of eligible families served by a tribal TANF program. However, states can contribute state funds to a tribe with an approved TANF plan, and that contribution will count toward a state's required MOE under certain circumstances. However, the funds can only be used for certain allowable activities and must be expended on behalf of families that meet the state's TANF income and resource standards.

State MOE expenditures can be made to a tribe with an approved TANF plan either as part of the state's TANF program or in a separate state program. If the state wishes to make the expenditures as part of the state's TANF program, there are three additional requirements that apply to families that receive assistance from funds that are part of a state TANF program. A family must:

- (1) assign its child support rights to the state;
- (2) cooperate with the state in child support enforcement; and
- (3) be subject to the same work requirements specified in the federal legislation.

Alternatively, the state's expenditures may be made under a separate, non-TANF state program without meeting the three additional requirements. A state's contribution to an Indian tribe for use in the tribe's TANF program should be spelled out in a negotiated agreement between the state and the tribe.

STATE-TRIBAL INTERGOVERNMENTAL AGREEMENT

In order for a tribe to operate a TANF program, there should be an intergovernmental agreement between the tribe and the state outlining the duties and responsibilities of each entity. Issues such as the state financial contribution, reporting requirements, information exchange, confidentiality, recognition of child support orders, technical support, and retrocession of the tribal TANF program back to the state should be addressed in the agreement.

STATUS OF TRIBAL TANF PLANS

There are currently 10 Indian tribes or tribal groups across the nation that are operating their own TANF programs. They are, with their implementation dates:

- Forest County Potawatomi - Wisconsin (7/1/97)
- Klamath Tribes - Oregon (7/1/97)
- Confederated Tribes of Siletz Indians - Oregon (10/1/97)
- Red Cliff Band of Lake Superior Chippewa Indians - Wisconsin (10/1/97)
- Sisseton-Wahpeton Sioux Tribe - South Dakota (10/1/97)
- Sokaogon Chippewa Community - Wisconsin (10/1/97)
- Stockbridge-Munsee Band of Mohican Indians - Wisconsin (10/1/97)
- Pascoa Yaqui Tribe - Arizona (11/1/97)
- White Mountain Apache - Arizona (11/1/97)
- Southern California Tribal Chairmen's Association - California (3/1/98)

The Osage Nation of Oklahoma and the Citizen Potawatomi Nation of Oklahoma have submitted plans but have requested that the plans be put on hold for the time being. The Navajo Nation in Arizona, New Mexico, and Utah has submitted a draft plan and the Zuni Pueblo in New Mexico has submitted a letter of intent to submit a plan.

In Montana, the Confederated Salish and Kootenai Tribes are currently working on a tribal TANF plan with an implementation date of July 1, 1998. Planning is still in the preliminary stages. Other Montana tribes have discussed the possibility of operating their own TANF programs, but have opted to stay with the state program because of the loss of funding that could occur. If the Confederated Salish and Kootenai are successful in having their plan approved and in negotiating a contribution from the state, other tribes may follow suit.

CONCLUSION

Unless the state is willing to negotiate a financial arrangement with an Indian tribe, it may not be practical for a tribe to operate its own TANF program. However, other concerns, such as the tribe's desire for self-sufficiency and less dependency on the state, may come into play and make a tribal TANF program more desirable. If the state chooses to forego the federal TANF block grant and to fully fund a welfare

program with state money, it would probably be in a tribe's best economic interests to either operate its own TANF program, contract with another tribe to operate its program, or form a consortium of tribes to operate a single program.

The continuing poverty and high unemployment in Indian country are good indicators of the failure of past welfare policies. It is hoped that PRWORA will bring changes to the bleak environment that currently exists on reservations. Those changes may best be effected by tribal governments who know their people and their people's needs; who understand the culture of their tribe; and who have a personal interest in bettering the future of their children and grandchildren.



INTERIM CALENDAR

UNLESS OTHERWISE SPECIFIED,
ALL ROOM DESIGNATIONS ARE IN THE CAPITOL

APRIL

April 2, ROC Revenue Estimating Subcommittee, Room 104, 9 a.m.

April 2, Revenue Oversight Committee, Room 104, 1 p.m.

April 3, Revenue Oversight Committee, Room 104, 9 a.m.

April 8, Transition Advisory Committee USBP Subcommittee working group, Room 108, 9 a.m.

April 16, Interim Property Tax Committee, Sherman Inn, Wolf Point, 9 a.m.

April 16, Interim Property Tax Committee, Sherman Inn, Wolf Point, Public Hearing, 7 p.m.

April 17, Interim Property Tax Committee, Valley County Courthouse, Glasgow, 9 a.m.

April 17, Oversight Committee on Children and Families

April 17, Gambling Study Commission, Gallagher Business Building, UM, Missoula, 8:30 a.m.

April 23, Transition Advisory Committee USBP Subcommittee, MT Electric Cooperatives Association, Great Falls

April 24, Transition Advisory Committee, Great Falls

April 30, Correctional Standards and Oversight Committee, Room 104

MAY

May 1, Correctional Standards and Oversight Committee, Room 104

May 7, EQC Growth Subcommittee

May 7, EQC Water Policy Subcommittee

May 8, Environmental Quality Council, Great Falls

May 14, Interim Property Tax Committee, Whitefish, 9 a.m.; Public Hearing, 7 p.m.

May 15, Interim Property Tax Committee, Kalispell, Public Hearing, 9 a.m.

May 15, Postsecondary Education Policy and Budget Committee, Room 108, 9 a.m.

May 15, Legislative Council, Room 104

May 22, Committee on Public Employee Retirement Systems

JUNE

June 3, Committee on State Management Systems

June 4-5, Legislative Finance Committee, Room 104

June 18, Interim Property Tax Committee, Havre, 9 a.m.

June 18, Interim Property Tax Committee, Public Hearing, Havre, 7 p.m.

June 19, Interim Property Tax Committee, Public Hearing, Great Falls, 10 a.m.

NOTE: The Interim Property Tax Committee also has the following meetings scheduled: August 6, Columbus; August 7, Billings; September 11, Helena.

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